

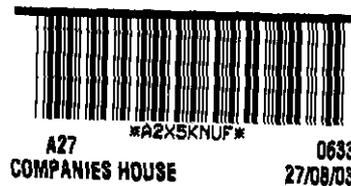
# HC Fuels Limited

(formerly Heidelberger Fuels Limited)

## Report and Financial Statements

31 December 2002

*Registered Number: 3568686*



# HC Fuels Limited (formerly Heidelberger Fuels Limited)

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Registered No. 3568686

## **DIRECTORS**

R A S Clayton  
E H G Ericsson  
P W Weller  
C H S J Meyers  
B E Ahlkvist  
D J Carr  
S Hansen  
A O Erdem  
V Schneider  
A Van Steenberge

## **SECRETARY**

D J Carr

## **AUDITORS**

Ernst & Young LLP  
One Colmore Row  
Birmingham  
B3 2DB

## **REGISTERED OFFICE**

10<sup>th</sup> Floor West  
Bowater House  
68-114 Knightsbridge  
London  
SW1X 7LT

# HC Fuels Limited (formerly Heidelberger Fuels Limited)

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## DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year ended 31 December 2002.

### PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The principal activities of the Company are the purchase and sale of coal and petcoke on behalf of the Heidelberg Group of Companies.

### BUSINESS REVIEW

On 2 January 2002 the Company changed its name from Heidelberger Fuels Limited to HC Fuels Limited.

The Company has had a satisfactory year and the Directors anticipate this to continue for the foreseeable future.

### RESULTS AND DIVIDENDS

The profit and loss account for the year shows a profit after taxation of £367,000 (2001: £426,000).

The directors do not propose a final dividend (2001: £nil).

### DIRECTORS AND DIRECTORS' INTERESTS

The present directors of the Company and those who served during the year are listed below:

R A S Clayton  
E H G Ericsson  
P W Weller  
C H S J Meyers  
B E Ahlkvist  
D J Carr  
S Hansen  
A O Erdem  
V Schneider (appointed 9 April 2002)  
A Van Steenberge (appointed 9 April 2002)

The directors in office at 31 December 2002 had no notifiable interests in the shares of HeidelbergCement AG, the ultimate holding company, or in any of its subsidiaries at any time during the year ended 31 December 2002.

### AUDITORS

Under an elective resolution, the Company elected to dispense with the obligation to appoint auditors annually. Accordingly Ernst and Young LLP will be reappointed as auditors for the year.

By order of the board



D J Carr  
Secretary

Dated 5<sup>th</sup> June 2003

## HC Fuels Limited (formerly Heidelberger Fuels Limited)

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### STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HC FUELS LIMITED**

We have audited the Company's financial statements for the year ended 31 December 2002 which comprise the Profit and Loss Account, Balance Sheet and the related notes 1 to 18. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

As described in the Statement of Directors' Responsibilities the Company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the Company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of audit opinion**

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the Company as at 31 December 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Ernst & Young LLP*

Ernst & Young LLP  
Registered Auditor  
Birmingham

Dated *26 June 2003*

## HC Fuels Limited (formerly Heidelberger Fuels Limited)

### PROFIT AND LOSS ACCOUNT for the year ended 31 December 2002

	<i>Notes</i>	<i>2002</i> <i>£000</i>	<i>2001</i> <i>£000</i>
<b>TURNOVER</b>	2	31,987	36,032
Cost of sales		(30,559)	(34,658)
<b>GROSS PROFIT</b>		<u>1,428</u>	<u>1,374</u>
Administrative expenses		(881)	(760)
<b>OPERATING PROFIT</b>	3	<u>547</u>	<u>614</u>
Other interest receivable and similar income	6	11	11
Interest payable and similar charges	7	(39)	(12)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<u>519</u>	<u>613</u>
Tax on profit on ordinary activities	8	(152)	(187)
<b>PROFIT FOR THE FINANCIAL YEAR</b>	15	<u><u>367</u></u>	<u><u>426</u></u>

All items dealt with in arriving at operating profit relate to continuing activities.

There are no gains or losses other than the profit of £367,000 for the year ended 31 December 2002 and the profit of £426,000 for the year ended 31 December 2001.

# HC Fuels Limited (formerly Heidelberger Fuels Limited)

## BALANCE SHEET

at 31 December 2002

	Note	2002 £000	2001 £000
<b>FIXED ASSETS</b>			
Tangible assets	9	-	14
<b>CURRENT ASSETS</b>			
Stocks	10	1,939	692
Debtors	11	4,336	5,273
		6,275	5,965
<b>CREDITORS: amounts falling due within one year</b>	12	(4,277)	(4,348)
<b>NET CURRENT ASSETS</b>		1,998	1,617
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		1,998	1,631
<b>CAPITAL AND RESERVES</b>			
Called up share capital	14	500	500
Profit and loss account	15	1,498	1,131
<b>EQUITY SHAREHOLDERS' FUNDS</b>	16	1,998	1,631

These financial statements were approved by the board of directors on 5/10/03 and were signed on its behalf by:

*R A S Clayton*

5/06/03

R A S Clayton  
Managing Director

# HC Fuels Limited (formerly Heidelberger Fuels Limited)

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## NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2002

### 1. ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

#### *Basis of preparation*

The financial statements have been prepared in accordance with applicable Accounting Standards and under the historical cost convention.

#### *Cash flow statement*

Under Financial Reporting Standard No.1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements.

#### *Related party transactions*

As the Company is a wholly owned subsidiary of HeidelbergCement AG, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as relating parties).

#### *Turnover*

Turnover is the amount derived from the provision of goods and services falling within the Company's ordinary activities after deducting trade discounts and value added tax.

#### *Foreign currencies*

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date.

All gains or losses on translation are included in the profit and loss account.

#### *Tangible fixed assets and depreciation*

The cost of tangible fixed assets is their purchase cost, together with any incidental expenses of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight-line basis over the expected useful economic lives of the assets concerned. The useful economic lives are considered to be:

Motor vehicles	- 3 years
Computer Equipment	- 3 years

#### *Stocks*

Stocks are stated at the lower of cost and net realisable value. In general, cost is determined on a first in first out basis and includes transport and handling costs and other costs incurred in bringing stock to a saleable condition.

#### *Pensions*

Contributions to the Company's defined benefit pension schemes are charged to the profit and loss account so as to spread the cost of pensions over the service lives of employees in the schemes. Variations from the regular cost are spread over the expected remaining service lives of current employees in the schemes.

# HC Fuels Limited (formerly Heidelberger Fuels Limited)

## NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2002

### 1. ACCOUNTING POLICIES (continued)

#### *Deferred taxation*

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more, or a right to pay less, tax in the future have occurred at the balance sheet date, with the following exceptions:

Deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing difference can be deducted.

Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

### 2. TURNOVER

	2002 £000	2001 £000
Inter-Company sales	29,425	30,336
External sales	2,562	5,696
	<u>31,987</u>	<u>36,032</u>

All sales are made within the United Kingdom.

### 3. OPERATING PROFIT

This is stated after charging:

	2002 £000	2001 £000
Depreciation of owned tangible fixed assets	11	13
Auditors' remuneration (including expenses):		
Audit services	5	10
Non-audit services	4	3
	<u>10</u>	<u>16</u>

# HC Fuels Limited (formerly Heidelberger Fuels Limited)

## NOTES TO THE FINANCIAL STATEMENTS at 31 December 2002

### 4. DIRECTORS' EMOLUMENTS

	2002 £000	2001 £000
Total emoluments	95	85
Pension contributions	9	8
	<u>          </u>	<u>          </u>
	2002 No.	2001 No.
Number of directors who are members of defined benefit pension scheme	2	2
	<u>          </u>	<u>          </u>

### 5. EMPLOYEE INFORMATION

The average monthly number of persons employed by the Company (including directors) during the year, analysed by category, is as follows:

	2002 No.	2001 No.
Office and management	4	5
Directors	10	7
	<u>          </u>	<u>          </u>
	14	12
	<u>          </u>	<u>          </u>

Direct Employment Costs – all employees including executive directors:

	2002 £000	2001 £000
Wages and salaries	256	197
Social security costs	26	19
Other pension costs	23	17
	<u>          </u>	<u>          </u>
	305	233
	<u>          </u>	<u>          </u>

### 6. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	2002 £000	2001 £000
Interest receivable from parent and fellow subsidiary undertakings	11	11
	<u>          </u>	<u>          </u>

# HC Fuels Limited (formerly Heidelberger Fuels Limited)

## NOTES TO THE FINANCIAL STATEMENTS at 31 December 2002

### 7. INTEREST PAYABLE AND SIMILAR CHARGES

	2002 £000	2001 £000
Group company loans	39	6
Other loans	-	6
	<u>39</u>	<u>12</u>

### 8. TAXATION

(a) Analysis of tax charge in the year  
The tax charge is made up as follows:

	2002 £000	2001 £000
<i>Current tax:</i>		
UK Corporation tax (note 8(b))	133	166
<i>Deferred Tax:</i>		
Origination and reversal of timing differences	19	21
Tax charge on profit on ordinary activities	<u>152</u>	<u>187</u>

(b) Factors affecting the current tax charge for the year:

	2002 £000	2001 £000
Profit on ordinary activities before tax	<u>519</u>	<u>613</u>
Profit on ordinary activities before tax at 30% (2001: 30%)	156	184
Effect of:		
Accelerated capital allowances	4	2
Other timing differences	(23)	(20)
Other	(4)	-
Total current tax charge (note 8(a))	<u>133</u>	<u>166</u>

# HC Fuels Limited (formerly Heidelberger Fuels Limited)

## NOTES TO THE FINANCIAL STATEMENTS at 31 December 2002

### 9. TANGIBLE FIXED ASSETS

	<i>Motor vehicles £000</i>	<i>Computer equipment £000</i>	<i>Total £000</i>
Cost:			
At 1 January 2002	23	48	71
Disposals	(23)	-	(23)
At 31 December 2002	<u>-</u>	<u>48</u>	<u>48</u>
Depreciation:			
At 1 January 2002	13	44	57
Charge for the year	7	4	11
Disposals	(20)	-	(20)
At 31 December 2002	<u>-</u>	<u>48</u>	<u>48</u>
Net book value:			
At 31 December 2002	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2001	<u>10</u>	<u>4</u>	<u>14</u>

### 10. STOCKS

	<i>2002 £000</i>	<i>2001 £000</i>
Petcoke stocks	1,528	111
Coal stocks	411	581
	<u>1,939</u>	<u>692</u>

### 11. DEBTORS

	<i>2002 £000</i>	<i>2001 £000</i>
Trade debtors	1,406	825
Amounts owed by group undertakings	1,641	3,019
Other debtors	1,259	297
Prepayments	20	1,103
Deferred tax asset (note 13)	10	29
	<u>4,336</u>	<u>5,273</u>

# HC Fuels Limited (formerly Heidelberger Fuels Limited)

## NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2002

### 12. CREDITORS: amounts falling due within one year

	2002	2001
	£000	£000
Trade creditors	831	3,479
Amounts owed to group undertakings	3,225	568
UK corporation tax	196	225
Accruals	25	76
	<u>4,277</u>	<u>4,348</u>

### 13. DEFERRED TAXATION

The movements in the deferred tax asset during the current year are as follows:

	£000
At 1 January	29
Charge to the profit and loss account (note 8)	(19)
	<u>10</u>
At 31 December (see note 11)	<u>10</u>

The amounts provided in financial statements are as follows:

	2002	<i>Provided</i> 2001
	£000	£000
Accelerated capital allowances	10	6
Other timing differences	-	23
	<u>10</u>	<u>29</u>

### 14. SHARE CAPITAL

	2002	2001
	£000	£000
Authorised: 20 million ordinary shares of £1 each	<u>20,000</u>	<u>20,000</u>
Allotted, called up and fully paid: 500,000 ordinary shares of £1 each	<u>500</u>	<u>500</u>

# HC Fuels Limited (formerly Heidelberger Fuels Limited)

## NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2002

### 15. PROFIT AND LOSS ACCOUNT

	<i>£000</i>
At 1 January 2002	1,131
Profit for the year	367
At 31 December 2002	<u>1,498</u>

### 16. RECONCILIATION OF SHAREHOLDERS' FUNDS

	<i>2002</i>	<i>2001</i>
	<i>£000</i>	<i>£000</i>
Profit for the financial year	367	426
Opening shareholders' funds	1,631	1,205
Closing shareholders' funds	<u>1,998</u>	<u>1,631</u>

### 17. PENSIONS

The Company participates in the Castle Cement Limited Pension Scheme (the Castle Pension Scheme), which is a defined benefit scheme. The Company is unable to identify its share of the underlying assets and liabilities in the Castle Pension Scheme on a consistent and reasonable basis.

Contributions made to the Castle Pension Scheme during the year amounted to £23,067 (2001: £17,234).

Further details of the Castle Pension Scheme assets and liabilities can be found in the Castle Cement Limited 2002 financial statements.

### 18. ULTIMATE PARENT UNDERTAKING

The immediate parent undertaking is Scancem Group Limited. The ultimate parent undertaking and controlling party is HeidelbergCement AG, a company incorporated in Germany. Copies of the consolidated financial statements of HeidelbergCement AG may be obtained from Berliner Strasse 6, D-69120 Heidelberg, Germany.